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Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

Report of the Secretary-General*

Summary

The General Assembly, in its resolution 56/270, requested the Secretary-General to report on an annual basis on the progress made in the construction of additional office facilities at the Economic Commission for Africa (ECA).

The present report provides the required progress information and an update on the actions taken to implement the project since the issuance of the previous report of the Secretary-General (A/59/444). The report also presents the final cost estimates of the project, as submitted by the design consultants, and updated estimates of the office space requirements for the ECA secretariat and the United Nations system agencies, funds, programmes and other entities currently located in Addis Ababa in and outside the ECA complex, based on a survey of the needs conducted earlier this year. The survey verified the need for an increase in the capacity of the new office building to be constructed at the headquarters of ECA as compared with the initial estimates reported in A/56/672. This increase is equivalent to two additional floors of office space. Should the General Assembly endorse the proposal to increase the new office building capacity by constructing two additional floors for a total additional space of 2,780 square metres, financing of the total additional costs of the project would require an additional appropriation under section 32, Construction, alteration, improvement and major maintenance of the proposed programme budget for the biennium 2006-2007, in the amount of $3,671,500, to be funded under the terms of General Assembly resolution 42/211 governing the use and operation of the contingency fund, in particular under the terms of part A, paragraph (b) (ii), of the annex to that resolution.

* The issuance of the report was delayed to allow for preparation of revised estimates for the office space requirements at the Economic Commission for Africa on the basis of a survey of the needs of the United Nations system organizations conducted in 2005.

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I. Introduction

1. By its resolution 56/270, the General Assembly approved the construction of additional office facilities at the headquarters of the Economic Commission for Africa (ECA) in Addis Ababa, with a total area of approximately 6,770 square metres, and the utilization of an amount of $7,711,800 for that purpose, to be financed within the available balance of the construction-in-progress account.

2. In accordance with the request of the General Assembly in the same resolution, progress reports are to be submitted to it on an annual basis. The present report provides information on the progress made in the implementation of the project since the issuance of the previous report of the Secretary-General (A/59/444), including information on the final cost estimates submitted by the design consultants. The report also updates the analysis of office space requirements for the ECA secretariat, agencies, funds, programmes and other United Nations system entities located in Addis Ababa and recommends options as to how to address the problem of the shortage of office space at ECA.

II. Status of allocation of additional land by the host country

3. In his previous report, the Secretary-General informed the General Assembly that the Addis Ababa Town Planning Committee had formally approved the ECA request for the re-routing of public roads and the closure of parking lots that separated its newly expanded complex. An addendum to the host country agreement was being processed to include the revised configuration of the land extension, which increased the size of the ECA complex to approximately 27,260 square metres and allowed for a more secure site.

4. The addendum has been finalized and a title deed reflecting the increased additional land allocated by the Ethiopian Government to ECA as a free leasehold has been submitted to the Office of Legal Affairs. The signature of both documents is still pending.

III. Status of development of the project

5. At the time of the writing of the previous progress report, the design work was well under way and it was anticipated that the design documentation and final construction estimates would be available by December 2004. It is to be recalled that, following a re-evaluation of security factors, the position of the new building within the land expansion had been modified to meet the Headquarters minimum operating security standards (MOSS). The repositioning of the building and application of the Headquarters MOSS guidelines necessitated some revisions to the preliminary design.

6. Given the fact that Addis Ababa is settled on a seismic fault, during the course of the design exercise, the structural engineers contracted for the project required further soil testing in specific areas of the site to confirm the topographical data already documented. A blast assessment study was also commissioned to comply with Headquarters MOSS requirements.

7. Unexpectedly, the geotechnical report uncovered drastically atypical soil conditions in sections of the foundation area of the new building, requiring the reinforcement of the building foundation. Accordingly, the 60 per cent of the construction documentation that had been submitted in December 2004 by the architects had to be revised, thus delaying the availability of the project documentation. An amendment to the design contract was signed in March 2005 to undertake that work.

8. The security risk and blast assessment study found that the security measures incorporated in the final design, including the repositioning of the building, glazing specifications for the facade and ventilation features, were appropriate and sufficient.

9. The revised final construction drawings and technical specifications were completed by the architects and submitted to the United Nations for review on 12 September 2005. In their final design, the architects incorporated all the parameters outlined above and maximized the ratio of office space to common space as well as the use of office space based on the office space standards developed at Headquarters in the context of the capital master plan. The new office building, as designed, would be able to accommodate 422 staff, which would represent an 11 per cent increase over the figure of 380 staff estimated in the Secretary-General's report A/56/672.

10. Following the expression of interest notice for the construction contract, which was published on the United Nations procurement website and, for wider exposure, in the *International Herald Tribune*, 15 firms responded. At present, the shortlisting of possible vendors for the project is being drawn up and the tender documents being prepared. The request for proposal, selection of construction contractor and award of the contract is expected to be completed by March 2006.

IV. Revision of the office space requirements for the new office facilities

11. The ECA compound currently houses a total amount of 1,954 personnel, including 1,021 ECA secretariat personnel, 666 personnel of United Nations system agencies and 267 contractors. This represents 3.4 per cent more personnel than the number reported in A/56/672. It is estimated that 151 staff from existing buildings or staff on mission at ECA would need to be relocated to the new building to bring the actual average office space allocation in the existing facilities to the standard average space requirements.

12. Pursuant to the recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/59/572, para. 10) endorsed by General Assembly decision 59/555 of 13 April 2005, ECA requested the United Nations offices in Addis Ababa currently located outside the ECA complex to provide updated estimates of their office space requirements. A summary table of space requirements of the agencies, funds and programmes located outside the ECA compound that expressed an interest to be relocated to the compound is provided in table 1.

Table 1
Space requirements

	Area of current facilities occupied outside ECA compound (sq. m)	*Number of staff accommodated*
United Nations Children's Fund	250	8
World Food Programme	3 102	179
United Nations Office on Drugs and Crime	158	4
United Nations Development Programme/Regional Programme on Gender Mainstreaming	158	4
International Organization for Migration	369	25
Food and Agriculture Organization	791	36
International Telecommunication Union	400	6
International Monetary Fund	223	8
Total	**5 451**	**270**

13. The survey underscored that at present the need for additional space in the ECA compound is even more acute than in 2001. The project was originally approved in 2001 on the assumption that 159 United Nations common system personnel from outside locations would need to be accommodated in the new office building. According to the present survey, 270 staff would require accommodation within the complex; this represents an increase of 111 staff.

14. It is to be noted that most respondents to the survey expressed that they were experiencing an inadequate level of security, insufficient meeting-room space, non-existent or inadequate library space, deficient catering services and a lack of travel assistance and other support services regularly provided within the ECA compound. The relocation to the ECA complex is therefore an attractive option, especially when considering the fact that commercial rental rates in Addis Ababa are higher than or similar to those charged by ECA.

15. An update of the figures presented in paragraph 17 of the report of the Secretary-General on the projected need for office space (A/56/672) is provided in table 2, indicating a total need to house 574 staff in the new building as opposed to 380 staff, as initially projected. The figures include a provision for swing space and for 20 per cent marginal growth expected over the next 10 to 15 years. It is to be noted in this context that ECA receives requests for office space on an ongoing basis, the latest being from the International Labour Organization, which has requested the assistance of ECA in finding accommodation to establish its regional office of 46 staff in Addis Ababa and to locate it in the ECA complex.

Table 2
Staff requiring office space

	As projected in 2001	*As projected in 2005*
Existing staff for which additional office space is required	84	133
Staff temporarily on mission at ECA	16	18
Staff relocating to the compound of the United Nations system agencies, funds, programmes and other entities	159	270
Staff to relocate temporarily in swing space	57	57
20 per cent projected increase in number of core functional staff over the next 10 to 15 years	64	96
Total	**380**	**574**

16. As indicated in paragraph 9 above, the new building, as it is designed, could accommodate 422 staff, which represents a shortfall of 152 staff compared with the anticipated needs detailed above. In order to meet the space requirements of all United Nations agencies, funds and programmes and other entities interested in relocating to the ECA complex, and in line with the United Nations common house concept endorsed by the General Assembly in its resolution 44/211, the new building would need to be expanded by two additional floors. According to the final design, each additional typical floor of 1,390 square metres could accommodate a total of 94 staff.

V. Cost estimates of the proposals

17. The total estimated cost of the initial project, based on the final construction documents submitted by the design firm, amounts to $8,992,700 (at 2005 prices), including construction costs of $6,697,600. These latest estimates represent an increase of $1,280,900 over the initial cost estimates of $7,711,800 approved by the General Assembly in its resolution 56/270. Table 3 provides a detailed cost comparison of the project, as initially budgeted in 2001 and as estimated by the design consultants in 2005.

Table 3
Cost plan
(United States dollars)

	Estimated costs approved in 2001 (A/56/672)	*Estimated costs based on construction documents, 2003*
Construction costs	4 400 500	5 617 600
Design, consultancy services	440 000	626 700
Site work, fire protection, local area networks/wide area networks, lighting, security, audio systems	1 015 500	1 080 000
Workstations and furniture for 74 staff	262 800	262 800
Project coordination	508 200	508 200
Construction contingencies	662 700	897 400
Inflationary increases, currency fluctuation	422 100	—
Total	**7 711 800**	**8 992 700**[a]

[a] Including estimated provision for inflation and currency fluctuations.

18. The estimated increase in costs of the initial project can be explained by the following factors:

(a) Reinforcement of the building's structure and foundations due to unforeseen geotechnical conditions, including incorporation of a 1,280 square-metre basement to house the building infrastructure required by the repositioning of the building some 150 metres away from the existing building and the previously suggested site;

(b) Inclusion of security and safety measures such as the glazing of the facade;

(c) Differences in estimation parameters. The design firm has based its estimate on average international construction costs, with a 13.5 per cent composite index estimated for inflation and currency fluctuation rate and an allowance of 15 per cent for overhead and profits, while the original estimates in A/56/672 were based on Addis Ababa's average construction rates for 2001, which included only a 10 per cent allowance for overhead and profit and 13.5 per cent for inflation and currency-fluctuation adjustment;

(d) Cost escalation due to the delays experienced in the implementation of the project.

19. It is to be noted in this context that costs associated with the access control systems required for the new building have been excluded from the above estimates to ensure full integration of these systems with those being identified for the existing ECA buildings in the context of the ongoing Secretariat-wide access control project currently under preparation by the Department of Safety and Security. The ECA requirements for the new building, estimated at this stage at $417,300, would be included in the overall resource requirements for the access control project to be presented to the General Assembly during the resumed part of its sixtieth session. Furthermore, the information and technology network and telephone equipment

costs provisionally estimated at $1,100,000 have also been excluded from the above estimates at this stage, to ensure Organization-wide compatibility of systems, including the integration of the information and communication technology systems with the above-mentioned access control system. The network and telecommunication resource requirements for the new building will be included in the proposed programme budget for the biennium 2008-2009 under the section entitled Construction, alteration, improvement and major maintenance.

20. As regards the construction of two additional floors, the design consultants, using the same parameters used for the original four-floor structure, estimated the cost of the additional office space at $2,390,600, including $1,871,000 for construction, $148,000 for design, $73,300 for site work and safety systems, $102,000 for project coordination and $196,300 for construction contingencies. The final construction drawing and technical specifications have already taken into account the possible need for expanding the building. The foundations of the building, as reinforced in the final design, could accommodate the two additional floors.

21. It is worth noting that, while the underlying need for the construction of the two additional floors relates to the implementation of the United Nations common house concept, the additional office space would generate additional rental income at ECA owing to the relocation to that office space of the offices of the United Nations system organizations still located in Addis Ababa outside the United Nations premises as detailed in table 1. As detailed in paragraph 16 above, these two additional floors could accommodate 188 staff. The additional rental income would in that case amount to $295,000 a year, based on a current rental rate of $106 per square metre per year (excluding the reimbursement component for maintenance services).

VI. Conclusions and recommendations

22. **Given the delays experienced during the first phase of implementation of the project, relating to the need for rebidding the design services, negotiating the land expansion for the ECA complex with the host Government, repositioning the building within the new site for security reasons and redesigning the building's structure as a result of the findings of the geotechnical report, the project is currently some 24 months behind the initial schedule. It is now anticipated that the bidding process and identification of a contractor could be finalized by March 2006, with construction starting in April 2006 for a completion date of February 2008. Should the proposed option to expand the building by two additional floors be approved by the General Assembly, completion of the construction would be envisaged for July 2008.**

23. **The delay in the implementation of the project offers the Organization an opportunity to revise its original requirements and respond to the acute needs for additional office space due to a higher than initially expected increase in staff of the organizations of the United Nations system present in Addis Ababa that have expressed their wish to relocate to the ECA compound in the survey conducted by ECA in 2005. It is recommended that the construction of the two additional floors be completed simultaneously with the construction of the originally approved project, as this would represent the most cost-effective**

option for the Organization. Should the construction of two additional floors be undertaken at a later stage, it would involve additional administrative costs for the bidding of the two additional floors, hiring of the construction management team, mobilization and demobilization, safety, protection of the finished floors and security restrictions and additional costs due to a need to relocate staff from the upper floor to an alternate temporary office space. This would most likely increase the overall estimated costs of the two additional floors.

24. **The General Assembly is therefore requested:**

(a) **To authorize the expansion of the new office building by two additional floors to a total capacity of 9,550 square metres and total estimated additional costs at this stage in the amount of $3,671,500, including the additional costs relating to the original project in the amount of $1,280,900 and the cost of the construction of two additional floors in the amount of $2,390,600;**

(b) **To endorse a proposed phased approach in financing of further requirements for the new building relating to the access control and information and communication technology systems, as detailed in paragraph 19 above;**

(c) **To approve an additional appropriation for the project in the amount of $3,671,500 under section 32, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2006-2007, to be funded under the terms of resolution 42/211 governing the use and operation of the contingency fund, in particular under the terms of part A, paragraph (b) (ii), of the annex to that resolution.**